



MINUTES
Ad Hoc Committee
on the
City Market
Monday, April 3, 1995
1:30 P.M.
Tenth Floor Conference Room

Call to Order:

The meeting was called to order by Chairperson Beal at approximately 1:38 p.m.

Members Present:

Councilmember Beal
Councilmember Tony Benavides
Councilmember Jones

Ex Officio: Greg Koessel, Internal Audit
Liza Estlund-Olson, Mayor's Special Assistant

Others Present: Carol Shull, Member of the Public
Robert and Bonnie Bennett, Members of the Public
Doug Rubley, Finance Department
Fred Alexander, Member of the Public
Anna Harris, Member of the Public
Chuck Remenar, Finance Department
Maureen Fettes, Member of the Public
Levina Yeager, Member of the Public

Ruth Hills, Member of the Public
Sally Potter, City Market
Tom Foote, City Market
Ken Vaughan, Member of the Public
Lloyd Teets, CCSL
Ken Vaughan, Former Vendor, City Market
Gordon Yeager, Vendor at the City Market
David Robinson, Jr., Member of the Public
Don Grigg, Member of the Public
Diana Many, City Market
Kathie Raffone [sp], Hickory Corners Nursery
Harold Leeman, Jr., Member of the Public
Paul M. Scott, Citizens for a Better Lansing
Pete Bosheff, Member of the Public
Bob Johnson, Mayor's Office

Introductions were made.

PUBLIC COMMENT:

Public Comment is permitted by the Chair during the discussion of each agenda item.

Chairperson Beal clarified that the purpose of this Ad Hoc Committee is to do fact finding as to the market operations, past and present, and then recommendationS will be made back to the Ways and Means Committee and to the Mayor.

She expressed that she had not personal agenda and that her agenda is on the table.

REVIEW OF PRIORITY LIST:

Committee limitations was already dealt with.

The Committee proceeded to discuss and review the leases, contracts and the revised budget that Ms. Potter has distributed today. The budget documents will be received and will be discussed at the next meeting. This procedure will allow members ample time to review them.

BACK TO PUBLIC COMMENT:

Councilmember Jones asked whether the fiscal procedures are being adhered to by the City Market Manager. Mr. Remenar answered that after it was identified that there were some problems and misunderstandings concerning the policies and procedures relative to purchase they are in now in compliance and the proper procedures are being followed.

David Robinson - He had a fish business back at the City Market in 1992. He invested approximately \$35,000 and stayed at the market for approximately 6 months. During that time they met with the City and County Health Department on a weekly basis. They pulled out, after investing all of the money to get it open. He was told that he could not have a lease because he had an excess of 3,200 square feet. Since that time the market has changed hands a few times. Last year, he returned to the Market when Jerry Donaldson was the Manager and again he spent approximately one month with Jerry planning to return to the market. Things were moved in, construction and installation was scheduled. When he was in Boston working on several purchasing agreements, he found out that Jerry was no longer the Manager and somebody else was managing the Market. This new person wanted everything installed within one week's time. He then talked to his partner about this requirement and his partner called him to tell him he went to pick up all of the equipment and he was not dealing with anyone at the market until they got their act straight.

A couple of weeks ago he received a package in the mail requiring all old vendors to come in and see about returning to the Market. He went to the Market on a Saturday night at approximately 4-5:00 p.m.. He discussed with the staff at that time, their opinions of the market. He was offered a space with one year free rent. He informed the staff that he had to discuss this offer with others, but that he would inform market personnel in several days as to his answer. He came in on a Tuesday and he was told that it was too late, that they already had a fish vendor and that he wasn't needed anymore. He wanted to relay the experience he had at the market. He indicated that the market has great potential but one of the biggest problems is the lack of consistent control with consistent management of the facility. The primary problem he had as a vendor there, was if he had fish delivered at 7:00 p.m., he did not have access to the market for refrigeration purposes. His operations were constantly interfered with. The people who were controlling the market at the time had no vested interest in it. If the market failed it did not really affect them. He expressed the fact that if the market is to

succeed the following things are necessary: Cooperation. It has to be operated like a business. The location is favorable. Thinks that the management aspect should be minimized and that the management would have incentives and defined goals, they would receive a bonus.

Chairperson Beal inquired as to the offer of one year's free rent as to what his perception was at this time. Mr. Robinson indicated that the management wanted to get vendors that had fish or similar products which were vital to the make up of the market. These incentives were being made to get the market started.

Chairperson Beal requested a status report on the number of vendors who have been offered or who have this type of arrangement (free rent).

Ms. Potter reported that at the present time there is one vendor coming in that will have this type of incentive - free rent.

Chairperson Beal asked Ms. Potter if she was aware that this type of incentive/fee change would have to be a policy decision by the Council.

Ms. Potter stated that she was not aware that it had to go through the Council.

Chairperson Beal explained the process and used the parking rate reductions being recommended by the Administration as an example.

Ms. Potter stated that she would look into this situation. She expressed several aspects: time, practicality. She expressed that she needed fish at the market. She would not release the name of the vendor who is being offered this type of incentive because the lease is still being negotiated.

Councilmember Benavides asked if a full year's rent was being offered?

Ms. Potter explained the process and the reasons for offering this incentive and referenced real estate - and how buildings are occupied. She advised the Committee that the market needs, fish, chicken and red meat vendors. People who call in during the radio shows have expressed that they want meat and chicken, etc. If the Council has a problem with her pursuing these types of vendors she will discontinue this action.

Chairperson Beal inquired as to whether the other vendors were aware that incentives were being offered to a few select vendors. Ms. Potter answered that she did not know.

Ms. Potter reported that the incentive being offered and negotiated at the present time is for on year's free rent. She believes that it is important to offer these types of incentives to recruit vendors that have low margins and are costly to move, but are necessary to have, for the success of the market. If this process is against the Council policy then she won't do it. She clarified that she was proceeding in this manner based upon the best interest of the market.

Chairperson Beal thanked Mr. Robinson for his comments.

Question by an interested individual was raised and who thought the leases were month to month. How do you get one year's free rent when you do not have a guaranteed year's lease?

Ms. Potter indicated that a right of refusal was going to be included in each lease. As long as a vendor abides by the rules and regulations of the Market, they would continue on in terms of staying at the market.

Diana Many: Spoke to the issue of her experience. She indicated that she had a lot of money invested in her equipment and she was not offered an incentive to stay. The lease is not attractive. She spoke about her displeasure of not having a long term lease. She expressed concern about vendors making the commitment of and the cost of moving equipment in with the situation with the lease.

Ms. Potter evicted good people out of the market and Ms. Many indicated that she thought many of the vendors are going to be upset when they hear about the free rent incentives being offered to others.

Fred Alexander: (Former vendor). He indicated his concern about all of the "I" statements that the Manager uses and asked for clarification as to how much autonomy does she have.

Ms. Potter indicated that she was responsible and accountable to Bob Johnson and the Mayor. She reported that she makes all her decisions after getting input and approval from Mr. Johnson and the Mayor. She clarified that she works for the Mayor and the Administration.

Don Grigg: He reported that he left his rent check in Ms. Potter's Office on Saturday. On Sunday, he found his check stuck on the refrigerator.

Ms. Potter explained that Mr. Grigg had been advised by Robin, that the checks were to be handed to her in person.

Mr. Grigg thanked her for this information.

Chairperson Beal asked Ms. Potter if the Mayor was aware of the fact that she was offering an incentive of one year free rent to select vendors.

Ms. Potter answered, "Yes" the Mayor was aware of this and Mr. Johnson knew.

Chairperson Beal indicated that the Mayor should have been aware that this type of decision has to be made by City Council.

Ms. Potter stated that this decision was made in the best interest of the market. She recommended that the healthy vendors be asked whether they think it is in the best interest of the market that key people be brought into the market. She continued the "market is done" unless it has a meat vendor. Chairperson Beal reminded her that the Council told her that two months ago. Ms. Potter stated that she was taking this advice. Her job is not only to work for the Mayor and the Administration but her job is to help the vendors make money. She indicated that Chairperson Beal is insinuating that the healthy vendors would object to these type of incentives being offered and Ms. Potter was of the opinion that they would not object. Chairperson Beal clarified that the issue was not who supports the incentives or who does not, but that there is a communication problem in regard to this issue. The vendors should have been advised of this matter from the beginning and they should have been asked for their input. She was

supportive of three or 6 months but had a hard time with offering a entire year of free rent to any vendor because it impacts on the revenues.

Representative of Glen Hill: She reported Glen had suggested to Sally that she do everything possible, even offer free rent, to viable merchants with proven track records. Ms. Potter agreed with this statement. An offer has to be made to the meat, fish or chicken vendors, that they can not refuse. Mr. Hill has a list of people that have money behind them, they want to make a commitment, and want to get into the market after the lease issue is clarified.

Vendor: This has been talked about among the Vendors that incentives be offered for six months.

Gordon Yeager: Though one year was a little long. These incentives have been talked about even before Ms. Potter. When Jeff moved out, down went the market. The market needs good, reliable produce. People coming to the market want good produce. He spoke of Chester and Jeff, former vendors at the market. In regard to fish, chicken and good meat, it would be great to have this at the market.

DISCUSSION REGARDING RELEVANT ISSUES:

Councilmember Jones addressed the issue. If any fees are changed, the City Council Ways and Means Committee should be making a recommendation regarding any changes in fee to the entire City Council and this process should be followed and it has not been followed prior to this time. A financial impact report is also necessary when requesting the change in fees.

Lloyd Teets: The City is subsidizing salaries and positions at the market rather than the market itself. He expressed that he was not opposed to offering free rent to people but from a management standpoint, silly rules like handing your rent check to a certain person needs to be abolished.

Paul Scott: Over the past three years, after listening to the discussions regarding the market operations, he thinks that there is a lack of a strategic plan. Plans can be amended at any time. He keeps hearing that if this does not work, something else will be tried, yet we don't know what the something else is. He understood that Market Study recommended that committees work on a strategic plan for the market for long range planning. It is very unfortunate that to date this has not been done.

Discussion ensued regarding whether the market appropriations were within the budget document itself. Ms. Estlund Olson reported that it is not listed under the Mayor's budget because very shortly after the fiscal year begins, it will go under another entity and it should not be listed under the Mayor's Office.

Councilmember Benavides recommended that the length of time incentives should be offered by reviewed by the Committee as one year a little too long.

Ms. Potter spoke to the issue of the leases. She explained that it is easier to recruit vendors with month to month leases.

Chairperson Beal asked Ruth Hills (because she is a solid vendor) whether she thought the month to month lease arrangement made sense. Ms. Hills indicated that the month to month lease option is being dictated to the Market Manager. Ms. Estlund Olson explained that the City Attorney's Office is recommending the month-to-month lease.

Chairperson Beal requested that the City Attorney attend the next meeting to explain the rationale for offering the month to month lease as she was concerned that when the mega authority gets formed the market will go away and these leases do not offer any security to the vendors.

Ms. Estlund-Olson concurred in the recommendation of having the City Attorney attending the next meeting to explain this matter.

Chairperson Beal spoke about protecting the market and that she did not feel that the market should be a part of the authority which would include the Lansing Center and the Baseball Stadium.

Chairperson Beal expressed her concern about conversations with City Attorney Jim Smiertka revealed that he was of the opinion that the market and the land it sits on has no legal protection whatsoever. She advised the Committee members that this legal opinion is contrary to the opinion of former City Attorney Al Knot. Mr. Knot had concluded that the property was protected.

Chairperson Beal asked Ms. Potter to explain the process she utilizes when recruiting vendors. Ms. Potter indicated that she evaluates them by going to this shops, taking their stuff home, eats it, etc. This is part of the management's job.

Mr. Grigg addressed the issue of how Ms. Potter approached his employee - that she offered him a lease to do cappuccino next to him. He had been waiting six years to get space and not have to push anyone away so he has been waiting patiently. He has twelve thousand dollars invested in her training as his employee. Suddenly, his employee is following orders from Sally and suddenly she is going to do the cappuccino next to him. He did not understand that type of rating of the assets of one of the vendors who are down there. How does this help his confidence?

Ms. Potter in response indicated that for the first two months she was on staff, she had not heard that he wanted the space next to him. If she would have known that, she would have agreed to it. She thought the space was open. She thought Mr. Grigg would approach her to let her know that he wanted the space.

She reported that his employee came into her office and she floated the idea around about needing a cappuccino vendor and Ms. Potter also talked to three or four other people indicating that this type of vendor was needed.

Vendor: He spoke about previous policies whereby if space was available on either side of one's area, the existing vendors was offered leasing of the space first.

Chairperson Beal reported that Mr. Bosheff has been recommending for years that a procedural manual needs to be created for the operation of the market and this should be a priority.

Ms. Potter reported this task is on the agenda, but there are events scheduled every Saturday. As soon as it is determined what the policy will be they will be written down.

Chairperson Beal explained that some of the policies mentioned here today are already in place and they need to be reviewed.

Ms. Potter stated that they are doing it right now.

Mr. Koessel will pull all the appropriate ordinances and resolutions pertaining to the operation of the market for Ms. Potter to review.

Vendor: She inquired as to why the results of the consultant's report was not made public so everyone could review it.

Ms. Potter answered that it has been made public and referred to Mr. Johnson. Mr. Johnson addressed the issue. In each and every case the market studies have been made available to the vendors at the City Market office and the City Clerk's Office.

Chairperson asked whether it was posted at the market that this report is available to them. Mr. Johnson reported that announcements were made during the vendor meetings that these studies were available.

Chairperson Beal inquired as to the process in place right now to address this situation. She recommended that a notice be posted. She recommended a short newsletter be created and distributed to the vendor. A process should be put in place so that vendors are notified of meetings.

Mr. Johnson reported that the memo announcing the meetings that he used to oversee, would reference that the market study would be discussed and available at the management office. These meeting notices would be posted.

Member of the Public: When all of the changes took place in regard to what kind of vendors would be recruited for the composition of the market. She was not aware of this issue being discussed and she volunteers for many of the committees.

Chairperson Beal clarified that Ms. Potter is the interim manager in charge of jump starting the market for this season based upon the Mayor's directive not the results of the market study.

Ms. Potter explained that a week ago Tuesday at the large vendor meeting, every vendor was at the meeting except four vendors. A huge packet of informational documents was distributed at that meeting, which included a three page summary of the results of the consultant report and information on future operation of the market. The vendors who were not in attendance at that meeting did receive a copy of the packet of materials which were distributed during the meeting, and they were also notified that they could review the consultant's report which a copy was located at the management office and at the City Clerk's Office.

Member of the Public: Citizens are interested who are not vendors that would attend these meetings and did not know about them.

Ms. Potter indicated that if she had known about her interest, she would have sent her a packet. That's all she has to do is ask.

Chairperson clarified the issue of the lack of a collaborative, inclusive process that has taken input from people. It has been more of a management approach whereby directives have been given to the vendors. She spoke about the rules and the fact that she had promised the vendors that they would have input into writing the rules.

Ms. Potter explained that she has received input from the vendors. These rules are very similar to the rules of St. Paul and other markets. She reported that last Saturday, a gentleman who used to volunteer at the market, looked at the rules and the entire packet. He stated the best part that there were actual rules in place and that they had been missing for a long time. Chairperson Beal disagreed with this.

Mr. Vaughan: There should be more than one option in terms of a lease. Month to month, a year, etc., but it should be longer than a one month lease.

Councilmember Jones asked Chuck Remenar asked whether proposals would be requested in regard to contractual services being performed at the market? Mr. Remenar answered that per the Purchasing Ordinance, for services over \$15,000 formal proposals would have to be requested. If it is less than \$15,000 the process is a little less formal. It can be done through written request or by getting three telephone quotes. The Purchasing Ordinance requires three quotes.

Ms. Potter committed to writing the information down in regard to the three quotes and submit the information to Mr. Koessel. She stated that she did get three quotes but that she did not write them down.

Per Councilmember Jones, the issues that need to be discussed and policies set regarding the length of the lease, the vendors rights to access the market, the incentives that are being used to attract vendors, look at the expansion rights of the vendors and it has to be spelled out and applies to all of the vendors that are presently located there, and the existing market policies need to be reviewed and see how many of these shall remain applicable and how many of these policies should be discarded. In addition, action must be taken by the Committee as soon as possible in order to have the market in full operation this summer.

Mr. Koessel suggested that the composition plan should be reviewed.

Mr. Johnson addressed the issue of the Committees being created. A press Release went out on this matter, an announcement was made over WJIM radio, there was also a press conference, and an ad was placed in the Lansing State Journal. Two people called in to express interest in serving on the four committees. From the beginning of each meeting to the end, there was a 50% decline in participation and it was dominated by vendors. The interest expressed during those meetings was an interest in fresh produce. There was a dwindling participation and a very low reaction to the request for public participation and he made the decision to cease the committee process and the hiring process was initiated to hire an interim market manager.

Chairperson Beal addressed the strategic plan and asked several questions - What is the plan to get community participation in the market? The concern has been that people continue to be cut out of the process. What is going to be the process to get the community involved. Ms. Estlund Olson stated that the Interim Market Manager would not be spending time trying to reform committees and pull the community into the process at this time. Chairperson Beal asked what the policy was going to be in regard to the performers. She stated that at most markets the performers pay a licensing fee to be at the market. They do not get paid. She does not think that it is a good use of tax dollars to hire performers when the vendors have to pay rent.

Mr. Johnson spoke about the process. The vendors participate in the expenditures associated with advertising, billboards, radio ads, etc., but it is very low. Tax dollars are being spent for performers who enhance the enjoyment of the tax payers to come and bring their children to experience the market and to be entertained. This is a more responsible way to spend tax dollars as it is making it more available to the community, which is directed solely towards their entertainment.

In regard to measuring what is the value of the entertainment. Ms Estlund Olson addressed the issue and explained that this process is the way that is going to be used during the interim process. A formal policy will not be put together until it is determined with the City Council what the make up of the market is going to be. It may go back under Parks, or stays under the Mayor's Office, or goes under the Authority. Something will happen to it during this next budget cycle. It can not stay in limbo like it is.

Discussion took place regarding the policy and procedural manual.

Member of the Public: What happened to the community arts type people that are willing to perform free.

Mr. Foote: He explained that he made his living doing school programs and he would love to do it for free.

Member of the Public: Spoke in support of the arts community. The arts community would love the opportunity to get free advertisement. Colleges also have this type of program.

Chairperson Beal indicated that there was a strong difference of opinion between the market management and the Ad Hoc Committee in regard to this situation. Spoke of students being available to paint mural, etc., just for the exposure.

Grants can be created to hire people for specialized services.

Mr. Vaughan: How long is the interim period?

Chairperson Beal: She will find out the timeline. When the stadium and the Lansing Center is in full operation, it will be a parking nightmare. She is not convinced at this time that the establishment of an Authority is the best option.

Mr. Foote is on contract until October - 33 weeks.

Member of the Public: Thinks it is sad that entertainment is being paid for right now when a lot of the vendors that were evicted brought entertainment in at no cost which brought the cultural and arts community together.

Mr. Scott again spoke about the ongoing communication problem. He did sign up for two of the committees. He knows there were lists of people who are signed up for these committees. He never received a post card or a telephone call about where, if, how, where (in regard to a meeting, etc.).

DISCUSSION TO IDENTIFY ACTION ITEMS:

Chairperson Beal explained how important it was, when utilizing tax dollars, that the community be tapped into to be involved.

COUNCILMEMBER JONES MOVED THAT THE FOLLOWING ISSUES BE ADDRESSED AT THE NEXT MEETING:

- THE LENGTH OF THE LEASE.
- VENDOR ACCESS TO THE MARKET.
- INCENTIVES BEING USED TO ATTRACT TO VENDORS.
- COMPOSITION PLAN.
- EXPANSION RIGHTS OF EXISTING VENDORS.
- THE REVIEW OF MARKET POLICIES THAT EXISTED PREVIOUSLY TO DETERMINE THE POLICIES THAT ARE STILL APPLICABLE.
- REQUEST FOR PROPOSAL PROCESS.

Chairperson Beal requested that the Market Manager bring back the incentive plan. How it is going to be advertised, what the incentive will be, and how these people will be evaluated, etc.

Chairperson Beal requested that the new leases be reviewed by the Internal Auditor.

Ms. Potter stated that there is only one vendor at this time that may get a special deal but that she does not have a problem with Mr. Koessel reviewing them.

Chairperson Beal requested that the background reports be submitted for Committee review.

The City Attorney will be asked to attend the meeting to provide the Committee with an explanation of his rationale as to his recommendation of the month to month leases.

The committee members will discuss the budget, the leases, City Attorney report; and information from Ms. Potter regarding the proposed policy for the incentive package as to how potential vendors who may receive this incentive are being

evaluating, and any existing policy that authorizes the vendors the first right of refusal, at the next meeting per Chairperson Beal.

THE MOTION WAS SUPPORTED BY COUNCILMEMBER BENAVIDES AND CARRIED UNANIMOUSLY.

ESTABLISH TIMELINE:

Mid May.

FUTURE MEETINGS AND TIMES:


The committee will not meet next week because of Spring Break. The following week they will meet on the 17 and 19 at 1:30 p.m.

ADJOURN:

Approximately 2:28 p.m.

Prepared by Francesca E. Knot
Senior Legislative Assistant

Approved by the Committee

 4-19-95

ELLEN BEAL, Chairperson